older ways of thinking, it is no wonder that many of us feel some little confusion; we wonder where we really are and whither our science is actually tending. To such this new book of Philippovich is a positive boon. In it the author has made a conscientious and conspicuously successful attempt to place the new theories of the Austrian school in their proper light with reference to the older classical theories. Here the reader will find reproduced, in a remarkably compact and logical form, the best that contemporary Austrian and German thought and research have contributed to our science. A careful study of the "*Volkswirthschaftslehre*" cannot therefore be too strongly recommended to American economic students.

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RECENT WORKS ON MONETARY PROBLEMS.

The Silver Situation in the United States. By F. W. TAUSSIG, LL. B., Ph. D., Professor of Political Economy in Harvard University. Pp. 133. New York: G. P. Putnam's Sons. 1893.

Das internationale Währungsproblem und dessen Lösung. Von THEODOR HERTZKA. Pp. 136. Leipzig: Duncker und Humblot. 1892.

These two monographs, covering in part the same ground, viz., the use of silver as a medium of exchange, are of uncommon interest at this moment, when "silver" has become a burning question. Professor Taussig's book was originally published by the American Economic Association as No. 1 of Volume VII. of its publications; and in its present revised shape forms one of the "Questions of the Day" series. The first part is devoted to a careful delineation of silver legislation and its effects, beginning with 1878. The circulation of coin and notes, the concurrent effects of industrial changes such as the annual moving of the crops, and alternating eras of commercial depression and activity, the tendency of silver currency to find the vaults of the Treasury through the channels of taxation—all these complex reactions are scientifically traced, and their causes skilfully analyzed. The author's conclusions, that the issues under the Bland-Allison Act were not excessive, and that a complete theory of prices is dependent primarily on the volume of credit paper rather than upon the amount of actual currency, are eminently sound and sane. No less true is his verdict upon the excessive issues under the Act of 1890. The most interesting topic at the present time is the discussion of the question how a gold premium may eventually be reached. Here Professor Taussig shows that it may come in different ways, either preceded by speculation and inflation, or without any such

economic antecedent, merely through an unfavorable balance of trade and heavy drafts upon the Treasury's gold holdings. That such a gold premium is not improbable in the near future, recent events have demonstrated. Especially threatening is this calamity in view of our relatively increased imports of late, and the recent Australian crisis. Our late experience seems also to confirm Professor Taussig's acute estimate of the amount of gold held in this country. His guess seems to have been more accurate than the optimistic official estimates. The scheme of ex-Secretary Fairchild for the free coinage of silver up to the point where the Treasury accumulations of silver shall amount to a certain fixed sum, seems to meet the mild approval of the author as a possible advantageous compromise, political and financial. Such a scheme is now certainly without much political value, as it is so palpably a veiled cessation of silver coinage, that the "silver men" certainly would not accept it unless the limit were placed at a figure so dangerously high that the plan would lose all economic advantage. The other part of the book is devoted to a theoretic consideration of bimetallism. But of this, more anon.

Dr. Hertzka's brochure merits attention for several reasons: first and foremost, its propositions seem to offer the only possible ground for any further proceedings of the Brussels Conference, now temporarily adjourned, as Dr. Hertzka informs us by letter, to look into his proposals; and, second, because it is an utterance from an Austrian economist who seems to have the confidence of the Austrian government, whose recent action in regard to the gold standard is of peculiar importance at the present juncture. Hertzka's plan was transmitted through the American Minister at Vienna to the cabinet of the last Administration in October, but the pending presidential campaign deferred any decisive action thereupon at that time. In essence, the plan outlined by Hertzka is to secure an international agreement between a sufficient number of important commercial States to base their currency upon a joint metallic basis of gold and silver whose *ratio by weight* is to be the same for all the participating States. It is suggested that a ratio by weight of nine units of silver to one unit of gold would be an approximation to the desired system. At the present (gold) value of silver this would constitute about two-sevenths of the value of the metallic basis in silver and five-sevenths in gold. It will be seen that no attempt is made to regulate the *values* of the two metals, as proposed by the various bimetallist schemes. Hertzka is absolutely skeptical as to the permanency or even the possibility of international bimetallism. Even Wolowski's modified scheme of an alternative standard, Hertzka shows, assumes falsely that the values of gold and silver will fluctuate about a fixed

ratio. He even maintains the virtual impossibility of any considerable extension of the subsidiary use of silver with the present single gold standard—at least, if the solvency of our banking systems is to be maintained. He admits also the expense which would be entailed under his scheme upon different nations by making their existing overvalued coins, such as French silver, convertible into currency of the proposed description. He admits the divergence of interests as to the ratio of gold and silver in the basis of the proposed system. And still he maintains the advisability and the practicability of his scheme. Free as he is from the chimerical delusions of both inflationists and many bimetallists, and admitting as he does, the certainty of an ultimate single gold standard, he assumes that the disturbances of international trade caused by different monetary standards, the falling of prices, and the increase of debtors' burdens, all of which are threatened by the appreciation of gold, are so all-important that this double-metallic basis ought to be introduced, cost what it may. This is certainly the weak point of the entire agitation for a compromise standard. Taussig shows that the fall in prices is due largely to the improvement in productive methods, that in general the increase of the weight of the debtor's obligations is nominal and not real. And that international trade with the East is of such transcendant importance that a metal of ever decreasing value and ever increasing clumsiness must be made a larger factor in performing the exchanges of the entire civilized world may, in the absence of any clearer demonstration to the contrary than we yet possess, be regarded as an unproven assumption.

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State Papers and Speeches on the Tariff. With an introduction by F. W. TAUSSIG, LL.B., Ph.D., Professor of Political Economy in Harvard University. Pp. 385. Published by Harvard University, Cambridge, Mass. 1892.

The Tariff Controversy in the United States, 1789–1833, with a Summary of the Period before the Adoption of the Constitution. By ORRIN LESLIE ELLIOTT, Ph.D. Leland Stanford Junior University Monographs. History and Economics, No. 1. Pp. 272. Published by the University, Palo Alto, Cal. 1892.

It was a happy thought of Professor Taussig's, to render more accessible to the public some of the tariff arguments that lay buried in the musty publications of the government, or were beyond easy reach of the majority, from being published only in expensive editions of their author's works. There is so much trash spoken and written on